

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES OFFICE OF THE COMMISSIONER

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CERTIFIED MAIL RETURN RECEIPT REQUESTED

November 5, 2009

Mr. Christopher M. Brecht
Bankston Gronning O'Hara, PC
601 West Fifth Avenue, Suite 900
Anchorage, Alaska 99501

RE: Daniel K. Donkel Appeal of the February 9 and May 27, 2009 Decisions issued by the Director of the Division of Oil and Gas concerning the Redoubt Unit

Dear Mr. Brecht:

I received Daniel K. Donkel's June 16, 2009 Notice of Appeal of the Division Director's February 9 and May 27, 2009 decisions concerning the Redoubt Unit. Mr. Donkel requests that I vacate the Director's decisions. Christina A. Russell, on behalf of herself and five other overriding royalty interest holders, joined Mr. Donkel's appeal on June 17, 2009.

The Director's February 9, 2009 decision put Pacific Energy Resources, Ltd. (PERL) and royalty interest holders on notice that he was intending to contract the Redoubt Unit. Mr. Donkel contends in his appeal that he did not receive a copy of that notice.¹

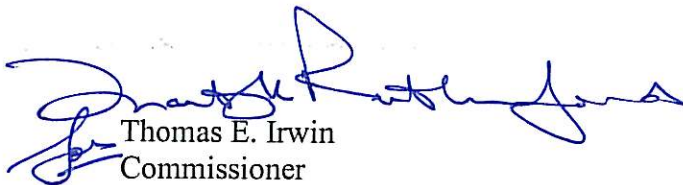
The Directors May 27, 2009 decision contracted the Redoubt Unit Hemlock Participating Area (PA), terminated the Redoubt Unit G-O Gas PA, and contracted the Redoubt Unit. Among other things, Mr. Donkel contends that this decision should be vacated because DNR lacked jurisdiction over PERL assets during the pendency of a bankruptcy petition, which PERL filed on March 9, 2009.

Without substantively deciding any of the issues raised by Mr. Donkel in his appeal, I hereby vacate the Director's February 9 and May 27, 2009 decisions.

¹ If Mr. Donkel had timely received notice of the February 9, 2009 decision his appeal would be untimely under 11 AAC 02.040(a) ("... an appeal ... must be received by the commissioner's office within 20 calendar days after the issuance of the decision ...").

This is a final administrative order and decision of the department for purposes of an appeal to Superior Court. An appellant affected by this final order and decision may appeal to Superior Court within 30 days in accordance with the rules of the court, and to the extent permitted by applicable law.

Sincerely,



Thomas E. Irwin
Commissioner

cc: Kevin Banks, Director, Division of Oil and Gas
Christina Holmgren, Division of Oil and Gas
Christina A. Russell